America's Great Reorganization

Special Report – December 25, 2024

By Joe Withrow, Founder of *The Phoenician League*

When it comes to macroeconomic analysis, there are always countless moving pieces. We can think of these moving pieces as dots on a game board.

Understanding what's going on in the world requires us to see those dots for what they are as best we're able. Then we must connect them to one another in a manner that makes sense. If we do this successfully, we'll find that a story reveals itself to us.

Like any other, that story can be true or false. To determine which, we must continue to assess the moving pieces and gage whether new data and developments support or invalidate our story.

With that in mind, I'd like to share a story with you today.

After two years of following this story and assessing the moving parts… I believe this story to be accurate. The new developments seem to support it.

Our story is the nature of the current power struggle we see unfolding before us. It's not a physical struggle, but a financial one.

It has become clear that old-world European powers have had an influence over American politics and economic policy for many years now. The reality is far more nuanced, but I use the term 'globalist faction' to describe these old-world European powers.

We’re talking about the powers underlying globalist institutions such as the European Union (EU), the European Central Bank (ECB), the United Nations (UN), the World Bank (WB), the International Monetary Fund (IMF), the Bank for International Settlements (BIS), the Organisation for Economic Co-operation and Development (OECD), the World Economic Forum (WEF), and similar entities.

These institutions seem to be aligned in world view, and they push or support a similar agenda. They favor centralized global governance over national sovereignty—and especially over localized governance.

The World Economic Forum developed a policy framework to quantify this agenda. The friendly name for it is “stakeholder capitalism”. Klaus Schwab packaged this framework as “The Great Reset” and marketed it to the world in June 2020 – amidst the chaos associated with the Covid hysteria.

It’s clear that key American institutions have largely aligned with this globalist agenda for years now… and some still do. Bank of America talks about the implementation of stakeholder capitalism each year in its annual letter to shareholders.

However, it’s also evident that other prominent American institutions have broken ranks from the globalist agenda. There’s been a fracture at the upper echelon of the power structure.

The American Counter-Revolution

Those at the heart of America’s financial system are now in self-preservation mode. In fact, they are executing a plan to save the dollar-based financial system… which is central to their own wealth, power, and influence.

This dynamic has gradually unfolded for years now. For me, it started to come into view two years ago. The Federal Reserve (the Fed) had already raised the federal funds rate by 300 basis points (3%) earlier that year… and the globalist faction was not happy about it.

The Fed’s aggressive rate-hiking campaign prompted the UN to put out an announcement in October 2022. They backed up their announcement with an academic report titled *Trade and Development Report 2022*.

The UN’s report called for all central banks to stop hiking rates immediately.

The authors said that it would be irresponsible to raise rates any further, and they implied that to do so would be akin to an attack on developing countries.

WORLD NEWS OCT. 3, 2022 / 8:48 PM

U.N. report warns interest rate hikes could lead to global recession

This report was clearly targeted at the Fed. It was a message from globalist headquarters that the Fed was out of line.

I expected Fed Chairman Jerome Powell to back down at that point. After all, the Fed openly coordinated monetary policy with the ECB and other central banks for years after the financial crisis of 2008. It certainly looked like they were all on the same team.

The very next week Powell came out and raised the federal (fed) funds rate another 75 basis points (0.75%). And he went on to hike rates another 150 basis points (1.5%) in the months that followed.

That caught my attention. Powell not only defied the globalist marching orders… he moved against them aggressively and unapologetically.

Powell also began to talk about the need for fiscal reform within the US government. In one Federal Open Market Committee (FOMC) meeting Powell even said explicitly that he didn't think it was the Fed's job to monetize government debt.

Meanwhile, US Treasury Secretary Janet Yellen announced what she called a "Treasury Buyback Plan" in September 2023. Per the announcement, the Treasury would regularly purchase US Treasuries throughout 2024.

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Treasury Buyback Plan Will Boost Market Resilience, US Debt Official Says

- Department has said buyback programs will begin in 2024
- Buybacks will seek to aid liquidity, improve cash management

By Liz Capo McCormick
September 21, 2023 at 12:45 PM EDT

This was obviously an operation to begin what we call "yield curve control" (YCC). That's where an entity – typically a central bank – aggressively buys sovereign bonds of certain durations specifically to keep interest rates from rising above a target level.

Yellen's plan looked like "Operation Twist" all over again.

Operation Twist was what the Fed called its YCC program back in 2011. That's when Ben Bernanke ran the show.

Per the program, Bernanke bought long-term Treasury bonds while simultaneously selling short-term Treasuries in great quantities. This served to push long-term interest rates lower than they otherwise would be.

Yellen set out to run the same playbook from her post at the Treasury last year… but there's a nuance here.

The Treasury cannot create money from thin air like the Fed can. The only thing it can do is issue new Treasury securities to finance its own spending. However, it needs willing investors to buy those securities.

This is why yield curve control programs are always run by a central bank. YCC doesn't work terribly well if you can't print massive amounts of money to buy the bonds you want to buy.

Of course this begged the question – why was Yellen trying to do yield curve control at the Treasury? Shouldn't Powell run this operation from the Fed?

The answer became clear over time – Yellen and Powell are on different teams.

Yellen is a loyal foot solider for the globalist faction. She catered to the globalist agenda when she chaired the Fed from 2014 to 2018… and she did the same from her post as Treasury Secretary for the Biden administration.

Meanwhile, Powell is working for the American-based power faction that's broken ranks with the globalists.

As such, Powell presided over the most aggressive interest rate-hiking cycle in history – despite the globalist power structure screaming at him to stop. And, as we'll see in just a moment, he was central to liberating US monetary policy from globalist influences.

While we tend to view the Fed as reactionary and hapless, it turns out they've been executing a master plan for several years now. That plan began with something called the Secured Overnight Financing Rate (SOFR).

Restoring America's Financial Sovereignty

SOFR (pronounced "so-fur") is now the interest rate benchmark for dollar-denominated loans and derivatives. It's based exclusively on transactions in the US Treasury repurchase (repo) market.

SOFR was created in 2018 and rolled out gradually over the next several years. It then replaced the London Interbank Offered Rate (LIBOR) in January 2022. SOFR is now the exclusive interest rate benchmark here in the US.

This is an esoteric corner of the global financial system… but it's critical to understanding what's playing out today. Especially on the geopolitical and macroeconomic level.

Financial institutions use interest rate benchmarks to price loans. That means interest rates throughout the economy are directly influenced by the benchmark used. Prior to 2022 it was LIBOR (pronounced "lie-bore") for dollar-denominated loans. Now it's SOFR.

Remember, the Federal Reserve cannot "set interest rates". All it can do is adjust the fed funds rate. That's the rate at which banks lend money to each other overnight.

The fed funds rate does affect the interest rate benchmarks… but differently for each.

With SOFR, the fed funds rate has a direct impact. It sets a floor below which SOFR is unlikely to fall.

However, the fed funds rate did not have a direct impact on LIBOR. It only had an indirect influence.

That's because LIBOR was calculated based on daily estimates submitted by a panel of 16 banks. That panel consisted of 11 banks headquartered in Europe… three American banks… one Japanese bank… and one Canadian bank.

For this reason, the fed funds rate could not set a floor under LIBOR. Because the global banking consortium could always submit lower estimates to push rates down.

And that's exactly what they did…

In 2012, the "LIBOR Scandal" broke. We learned that some of the panel banks were submitting artificially low rate estimates to manipulate LIBOR lower.

Libor: Bank of England implicated in secret recording

When LIBOR was the benchmark rate for dollar-denominated loans, the US economy was tied to the agenda established by the power factions controlling the European Union (EU). Because those 11 panel banks in Europe could manipulate interest rates through LIBOR should it favor their agenda to do so.

And notice the difference between SOFR and LIBOR here. It's critical.

SOFR is based exclusively on transactions in the repo market. These are real transactions that have occurred. Contrast that with LIBOR… which was based on estimates submitted by a panel of banks – not actual transactions.

That means SOFR allows the market to have a direct impact on long-term interest rates again. This ensures that the days of ZIRP (Zero Interest Rate Policy) are never coming back.

And with SOFR now in place, those European banks have no further influence on dollar-denominated interest rates. I don't think it's an exaggeration to say that SOFR liberated US monetary policy from the globalist influence.

This has paved the way for what I'm calling America's Great Reorganization…

Normalization, Markets, and Rates

It's no coincidence that Federal Reserve Chairman Jerome Powell started raising the fed funds rate in 2022 – four years into his term.

Powell had to wait until SOFR replaced LIBOR as the US benchmark. Otherwise the financial interests beholden to the EU could have thwarted his efforts to raise rates by manipulating LIBOR lower.

In other words, SOFR enabled Powell to break ranks with the global central bank cartel.

Of course, the financial media didn't talk about it this way. I suspect many financial analysts still don't realize what's going on.

What we're watching play out is an effort to "normalize" the US financial system. And interest rate policy is central to this normalization.

The Fed cut the federal funds rate by 50 basis points (0.5%) in September 2024 – beginning a new rate-cutting cycle. The financial media took this to mean that the race to cut rates aggressively was back on. They said the Fed "pivoted".

That's not at all the case...

Powell is on record saying that he wants the fed funds rate to be "neutral". That is to say, he doesn't want it to be a key driver of rates throughout the economy. He wants those rates to be determined in the marketplace – as SOFR allows.

We can be skeptical about this. But Powell has been a straight-shooter ever since he began hiking rates at the most aggressive pace in history in 2022.

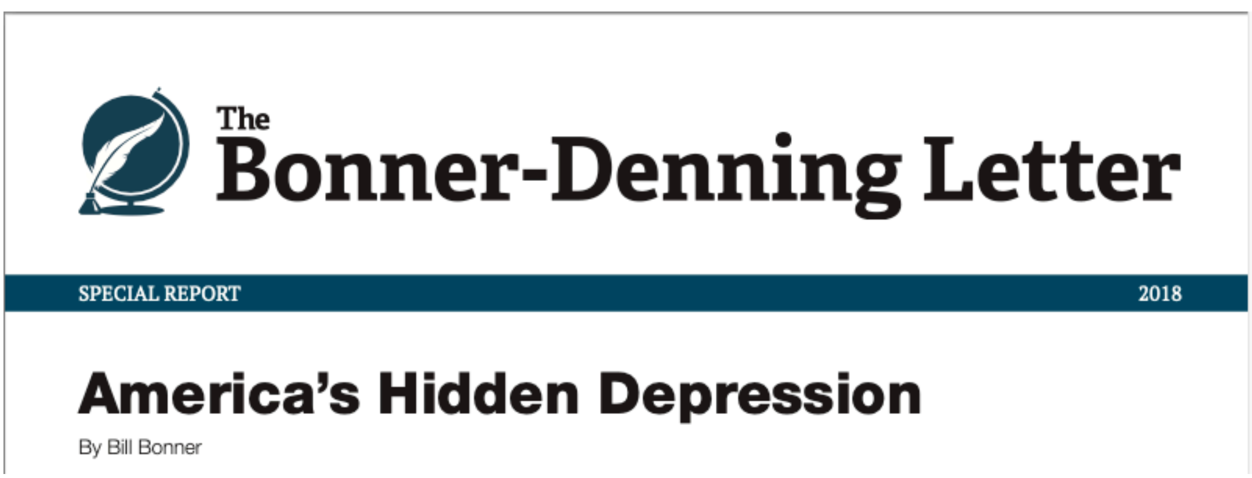
If we remember, the media kept saying back then that he was going to "pivot". But he never did. He signaled to the market what he was going to do… then he did it.

If we take Powell at his word, he's going to allow interest rates to normalize. This would force a massive reorganization of the American economy.

The fact is, virtually every aspect of our economy has been "financialized" over the past 50 years. That is to say, we reorganized our society to favor financial activities and financial assets over the production of goods and services.

While this has been a major boon for Wall Street and the stock market, it's hollowed out the American middle class and the small business community.

Bill Bonner and I demonstrated this extensively in a report we called *America's Hidden Depression several years ago*.


The Bonner-Denning Letter

SPECIAL REPORT 2018

America's Hidden Depression

By Bill Bonner

That report published in the Bonner-Denning Letter, which was under the Bonner & Partners banner back in 2018. It demonstrated, using economic data, that 2,278 counties in the US had effectively been in a recession for much of the prior decade.

The reality is that "cheap money" cheapens everything. When we push interest rates to zero and print trillions of dollars from nothing, it encourages financialization, speculation, and waste.

I think the case of Downer's Hardware illustrates this dynamic rather well.

I bought my Virginia mountain property from the family who owned Downer's Hardware. It was a small hardware store in the nearby town. They opened it in 1953 and ran it for just over 50 years.

When the family-owned store first opened, it could sell individual screws, nuts, and bolts for a penny each and still make enough money to keep the lights on. That's $0.01 – the lowest denomination of the dollar. One penny still held purchasing power in the 50s and the 60s.

Fast forward to today and you can buy individual screws for around $0.65 at Lowe's or Home Depot. But nobody does.

Instead, we buy a pack of 200 screws for $5.99. Then we use the one or two screws we need, and we put the rest on the garage shelf.

We'll have plenty of screws for the next time we need them, we think. Then 10 years go by and we forget we even have those 198 screws on the shelf. But we don't care—they only cost $5.99. That can't even buy us a nice lunch today.

This is how cheap money encourages waste…

We needed two screws… not 200. But we bought 200 because that's how they were packaged—and they only cost $5.99.

We got a "deal" and Lowe's got to add some revenue in its endless quest to meet quarterly earnings forecasts. But 198 screws went to waste.

What else could that metal have been used to make? How else could that labor and machinery been directed?

Meanwhile, Downer's Hardware isn't around to sell us screws in any quantity. Because it couldn't afford to keep the doors open selling screws for $0.03 each ($5.99 / 200).

Is that a bad thing?

Perhaps not. The Downers found other work and we can still buy screws for $0.03 per screw. But only if we buy 200 of them. If we just want one screw it's $0.65.

But what did we give up?

We used to be able to get one screw for $0.01. That penny in our pocket held actual purchasing power. And we could buy that screw from the nice family who made their living running a hardware store.

What we're talking about here was a fundamental reorganization of our society. The same thing that happened to Downer's Hardware happened to millions of small businesses on Main Streets all across America.

That's how we got cheap McMansions in the suburbs and fancy cars that nobody knows how to fix when something goes wrong.

It's how we got strip malls and big box stores everywhere… and empty Main Streets. It's how we got legions of sociology and diversity studies majors… and few people who know how anything actually works.

But lest we forget – *there is a time for everything… and a season for every activity under the heavens.* That's from the book of Ecclesiastes.

SOFR replacing LIBOR and the Fed's break from the globalist agenda signals that an American counter-revolution is underway. And the breadcrumbs are starting to line up…

Taking on the Deep State

If I'm correct that the power structure at the heart of America's financial system is in self-preservation mode – and if Powell stays true to his normalization efforts – we can be confident that the days of cheap money and artificially low interest rates are behind us.

It follows then that the cheap money era which reshaped our society over the past five decades is coming to an end. That which was sustained by cheap money and artificially low interest rates will come to an end with it.

And that shines the light on Congress and fiscal policy...

For decades, the US Congress has operated under the assumption that it could spend money without consequence. Low interest rates enabled by cheap money policies allowed for ever-increasing deficits with no immediate repercussions.

As it stands, Congress is set to add over $2 trillion to the national debt each year going forward... and that's just the tip of the iceberg.

The US government's debt level has become unsustainable. Its interest expense topped $1.1 trillion this past fiscal year – making interest payments the second line item on the federal budget.

To illustrate how extreme this is, let's look at the largest federal expenses for fiscal year 2024:

- **Social Security**: $1.5 trillion
- **Interest Payments**: $1.1 trillion
- **Medicare**: $869 billion
- **Defense**: $826 billion

At the same time, $16.8 trillion in federal debt is coming due over the next four years. There's no money to pay this debt off… so it can only be "rolled forward" by issuing new debt in the form of Treasury securities.

But why would anyone buy this new debt? The current trajectory shows very clearly that the US government is on the path toward a self-reinforcing debt spiral.

If nothing changes, at some point the biggest buyers of US Treasuries will say "no mas". That would lead to a sovereign debt crisis… and make it exceedingly difficult for the US Treasury to raise money.

Of course, such a scenario would be quite chaotic… if it gets to that point.

The fact that Elon Musk and Vivek Ramaswamy have teamed up to form the Department of Government Efficiency (DOGE) suggests that some powerful influences truly recognize the need to cut federal spending aggressively now – so that a sovereign debt crisis might be avoided.

The DOGE team vowed to balance the budget by cutting nearly $2 trillion in federal spending. But are they serious?

This would involve eliminating massive amounts of what we call corporate welfare and downsizing the federal government's employment roll dramatically. There will be tremendous push-back against this.

What's more, the DOGE team would necessarily need to take a chainsaw to the regulatory state if they hope to cut such a gargantuan amount of spending. They would have to eliminate scores of regulations and fundamentally cripple the US administrative state that operates as an unelected shadow government.

That's the fight we're set up for. DOGE versus the Deep State. And they know this...

Incoming Office of Management and Budget (OMB) Director Russell Vought articulated what I think is a very well thought-out plan in his interview with Tucker Carlson just before Thanksgiving. It's clear to me that they understand the inner workings of the system and what they are up against.

They also seem to know that the hour is late.

If the federal government's run-away spending isn't stopped, we'll face a sovereign debt crisis within the next four years. And because the US dollar and US Treasuries are fundamental to the entire global financial system, such a crisis would lead to something much worse than what we saw in 2008.

I suspect the globalist faction sees that event as their moment of opportunity.

As we noted earlier, the globalists already laid some key infrastructure for their "Great Reset" throughout the Covid hysteria. A global financial crisis of epic proportions would give them a window of chaos through which they could usher in the rest of their agenda.

The good news for those of us who don't want to live under a grotesque form of neo-feudalism and techno-communism is that America can still be saved.

Backstopping the Dollar and Recapitalizing America

I'll submit to you that the markets began pricing in a massive recapitalization of the United States the day after the US presidential election – when it was called for Trump. Here's what I mean…

It's more common to talk about recapitalization in terms of a business, but the same concept can apply to a country.

Recapitalization refers to a significant restructuring of an entity's financial and economic framework. It's all about stabilizing the capital structure.

For the United States, this must be done on the following levels:

1. Government Debt and Fiscal Health
2. US Dollar Stability
3. Economic Revitalization

If the DOGE team is successful, their effort would go a long way towards shoring up the federal government's finances and stabilizing the US dollar. It would also stave off a sovereign debt crisis as demand for US Treasuries would almost certainly increase.

And if they are able to take an axe to the current regulatory structure and the administrative state, that would go a long way towards economic revitalization. It would take some time, but we would see a small business renaissance in this country if the Deep State was neutered.

At the same time, normalized interest rates would help reverse five decades of financialization… which would pave the way for a revival of the once-great American Middle Class.

But we can't be Pollyanna about all this.

Even if all the above occurs, it wouldn't erase 50 years of bad economic policy overnight. Nor would it erase the $36 trillion national debt.

And that's where a curious new plan comes into view…

Wyoming Senator Cynthia Lummis recently introduced a bill to establish a "Strategic Bitcoin Reserve" for the US government. The legislation proposes that the Treasury and the Fed purchase 200,000 bitcoins annually for five years.

The goal is to accumulate one million bitcoins. That's nearly 5% of all the bitcoins that will ever exist.

At current prices that equates to over $100 billion worth of Bitcoin. But if the feds actually followed through with this plan, the dollar-based price of Bitcoin would go much higher – probably by 5X or more.

Senator Lummis files 'Bitcoin Act of 2024' bill proposing a US strategic BTC reserve

by **Estefano Gomez** **Nov. 15, 2024**

Incoming president Donald Trump has voiced support for this plan. As have numerous corporate executives.

Marc Andreessen – founder of Netscape and Silicon Valley-based venture capital (VC) firm Andreessen Horowitz – is one of those. Curiously, Andreessen recently revealed that he's spent about half his time at Mar-a-Lago working with incoming Trump administration since the election.

When asked about what this Strategic Bitcoin Reserve would be for, they give fluffy answers about economic stability, national security, and paying down government debt. But there's another angle to this as well…

It's clear that Bitcoin will be collateralized within the existing financial system in some capacity. Then it could be used to recapitalize the banking system and perhaps backstop the US Treasury markets. Bitcoin would be a perfectly suited for this.

Of course, that isn't the original purpose of Bitcoin. This isn't why I gravitated to it in 2014. Back then we were interested in Bitcoin as privatized money… not as a mechanism to help recapitalize the legacy financial system.

Still, I've learned not to let "perfect" be the enemy of "better". And there's a lot more to this story than meets the eye…

The America First Plan Comes Together

Trump appointed a man named Howard Lutnick to serve as Secretary of Commerce in the next administration. I don't think Lutnick has much name recognition, but he's the CEO of investment firm Cantor Fitzgerald.

Cantor Fitzgerald provides institutional clients with a range of financial services. And the firm also happens to be one of the 24 primary dealers within the Federal Reserve System.

This is quite a privileged position to be in. The primary dealers bid on US Treasuries at auction and receive direct access to the Fed's cheap financing through the discount window and repurchase (repo) agreements.

All that's to say that Lutnick is a true insider. He's attuned to the plumbing that underlies the dollar-based financial system.

And here's where this story gets interesting…

Earlier this year Cantor Fitzgerald invested $600 million into a company called Tether. Cantor now owns roughly 5% of the company.

Tether issues the US dollar stablecoin of the same name. Tether's ticker is USDT.

USDT is a cryptocurrency that functions similar to Bitcoin… except it's pegged 1-to-1 with the US dollar. That means one USDT always equals approximately $1.00.

Maintaining this peg is rather simple. Users buy USDT with dollars, Bitcoin, or other cryptocurrencies. When they do, Tether converts all sales into dollars and then invests those dollars in various assets—including US Treasuries, Bitcoin, and gold. This creates an asset reserve that backs each USDT issued.

Shortly after Cantor's investment in Tether, a rumor began to spread throughout financial circles that Cantor was also developing a fund to loan US dollars against Bitcoin collateral – with Tether serving as a critical piece of that infrastructure.

And now we can see the plan starting to form…

Led by Cantor Fitzgerald, we're going to see the legacy financial system start to lend dollars against Bitcoin—in just the same way that they lend money against other hard assets like real estate.

That means the US government will be able to borrow dollars against its Strategic Bitcoin Reserve – giving it a second financing source in addition to issuing Treasuries.

The net effect of this is that the US dollar will be backed by Bitcoin to a certain extent. Bitcoin will be monetized.

This will also drive demand for USDT as it's the middle layer between legacy dollars and Bitcoin.

As capital flows into USDT, Tether will invest it in reserve assets – further backstopping the dollar. And with a primary dealer in Cantor now backing the company, we can expect Tether to invest heavily in US Treasuries as well.

The more I think about it, the more I realize that it's a rather brilliant plan.

The US government is going to buy one million bitcoins over the next five years to create its strategic reserve. Meanwhile, the legacy financial system is creating the infrastructure necessary to lend against Bitcoin as collateral. This means that the Strategic Bitcoin Reserve will back the dollar to a certain extent.

At the same time, other institutions and individuals will use these bitcoin-backed loans to unlock the value they hold in Bitcoin – allowing their bitcoins to serve as a personal reserve asset.

This will drive increased capital into Tether, which will then buy US Treasuries. That, in turn, will support the federal government's finances – reducing the need for foreign investment.

This dynamic will also unlock an immense amount of value that's currently sitting in Bitcoin. It stands to reason that much of this capital will be used to drive economic activity and perhaps even begin to address America's crumbling infrastructure. One can hope, anyway.

And it doesn't have to stop with Bitcoin…

The Remonetization of Gold

The US government still owns 8,133.46 metric tons of gold. This is the largest known gold reserve in the world.

Previous officials, including former Fed Chair Ben Bernanke, have always downplayed this. When asked why the US government still holds its gold, Bernanke said it was "because of tradition"… which is just silly.

Obviously the US government has always recognized that its massive gold hoard is of strategic importance. Otherwise they would have sold the gold long ago.

If the government monetizes Bitcoin as outlined above, it stands to reason that they would remonetize gold as well. The same infrastructure used to collateralize Bitcoin could be used for gold.

Interestingly, the US Treasury still accounts for its gold reserve at a book value at $42.22 per ounce on the balance sheet. That values the US government's gold at $10.4 billion… which is a drop in the bucket today.

However, gold trades above $2,600 per ounce as I write. The US gold reserve is worth nearly $687 billion at current prices. And gold's price would almost certainly surge higher if it is remonetized.

A surging gold price (in dollar terms) would further recapitalize America and help provide another solution to the national debt. In fact, we've seen numerous proposals for gold-backed US Treasury operations in recent years.

Trump's former chief strategist Steve Bannon suggested that the second Trump administration might pursue gold-backed monetary policies in an effort to curtail the national debt. Former Trump Fed nominee Judy Shelton has also promoted the idea of gold-backed Treasury bonds.

In addition, the Heritage Foundation's *Project 2025* explicitly calls for the remonetization of gold.

Trump distanced himself from Project 2025 on the campaign trail… but two of his incoming cabinet members were direct contributors to it – incoming OMB Director Russell Vought being the most prominent as far as monetary matters are concerned.

Restoring gold's monetary role within the dollar-based financial system would almost certainly enhance global confidence in the dollar and US Treasuries. In conjunction with monetizing Bitcoin, this could also unlock trillions of dollars in trapped value that could be used to pay down the national debt.

Could It Actually Happen?

Prior to this past year, I didn't think anything like the scenario we've just explored could ever be possible. I was black-pilled, as the current saying goes. I didn't think the system could be reformed – largely because of a past experience…

I actively supported the 2012 Ron Paul presidential campaign, and I was plugged in to everything taking place on the ground around it. Back then we had a site called *The Daily Paul* through which grass roots supporters reported everything they saw happening in their counties and their states. I lived on that site and contributed to it often.

The legacy media, including Fox News, went out of their way to make it look like Dr. Paul was some nutjob with absolutely no support. But the reality is that we had the GOP's good-old boy network on the ropes.

We went to county meetings and caucuses, and we got a significant number of our people appointed as delegates to the national convention – where they planned to vote for Ron Paul to be the Republican nominee for president.

Nobody knows exactly how many delegates we had. Some speculated that we were close to 50%... but that was probably too optimistic.

Still, we had enough support to prompt all kinds of shenanigans from the GOP at every level.

They went so far as to de-credential entire slates of State delegates… and then to replace those Ron Paul delegates with their own.

The GOP establishment wanted the average Republican voter to believe that Ron Paul was a fringe candidate with crazy ideas. They didn't want people to hear what he actually had to say… because they knew the America-first message would resonate with many voters.

A journalist by the name of Deborah Smarth wrote a book about what happened during that GOP primary season. She titled it *America's Lost Opportunity: Stolen Victories 2012*.

The book was good. Smarth documented many examples of the GOP's deceptive and hostile practices during that campaign cycle. However, I can say from first-hand experience that she only captured a fraction of the chicanery that we witnessed on the ground.

Many of us became black-pilled from that experience. We had actively supported a political candidate who advocated fiscal reform and a return to America's founding principles.

We knew that this message would resonate with millions of voters... so we took the time to learn how the primary system worked. We played by the GOP's rules in good faith.

But we learned that the system – even within the GOP – is a machine that actively repels any efforts at fundamental change.

The establishment does not welcome competition or even discussion. We were shocked at how they broke their own rules to undermine any grass-roots efforts… all in favor of a globalist-supporting candidate in Mitt Romney.

I held onto my extreme cynicism for well over a decade. I'm putting it on hold for the moment though.

For starters, those who support Trump's America First vision have largely taken over the Republican Party. Those old neoconservatives (neocons) who comprised the GOP establishment a decade ago are now largely irrelevant.

And there's just something about what's playing out today that's dramatically different.

Given all the dots we've connected in this report… and all the breadcrumbs leading forward – I believe the America First agenda has a chance.

Granted, it's not as philosophically consistent as the Ron Paul plan we supported over a decade ago. But it's certainly better than what we have now. And it's dramatically better than what the globalists would like to impose upon us.

Here's what's different about what's going on today…

We're seeing an odd coalition of tech giants, Wall Street insiders, the new media (headlined by Joe Rogan and Tucker Carlson), and former Democrats coalesce around the Trump team and their America First agenda.

Even Robert F. Kennedy Jr. (RFK Jr.) is on board… and his surname represents perhaps the most iconic political dynasty from the Democratic Party in American history.

Along the same lines, many of the tech entrepreneurs and Wall Street guys have historically supported Democrat candidates. Now they are working enthusiastically with Trump.

Joe Rogan even endorsed Bernie Sanders for President in 2016. Now he's actively supporting the America-First agenda.

What we're seeing here is nothing short of a counter-revolution against the globalist faction.

The revolution is non-partisan in nature, and it's driven by more than self-interest... it's driven by self-preservation. Elon Musk said he's "all-in". He suggested that his very life is at stake.

So I'm convinced that the reform effort we are seeing today is sincere. There's a comprehensive plan at work. This is nothing like the 2016 Trump administration that appointed a bunch of old neocon hacks who ultimately undermined everything.

Now, I don't know if they will be able to execute or not. But I think they have a reasonable chance of success. It's going to be fascinating to watch this all play out.

And there are some major investment implications at work here as well…

Investing In An America-First World

If what we've discussed today comes to pass, we'll have entered into a world that none of us have known before.

I never thought for a second that such a thing would be possible just six months ago. But if the dots connect as we've laid them out today, we'll find ourselves in a deflationary world where the US money supply is shrinking, as is the federal government itself.

That's not good news for valuation multiples in the equity markets. Those high-flying tech stocks currently trading at 30+ times sales would almost certainly crash back down to more reasonable valuation levels.

I don't think this scenario would lead to Armageddon in the stock market though – simply because investment capital would likely find US equities attractive in a world where government spending is under control and the regulatory state isn't openly hostile to business and commerce.

What's more, the world we're describing is a world in which 50 years of financialization would be reversed.

In that world, the stock market should gradually come to mirror the real economy once again. Just like the old days. Naturally, there will be some sectors and companies that benefit from this... and some that don't.

Meanwhile, Bitcoin and gold would continue to rise in dollar terms.

For Bitcoin, there's nothing to do but go up if the US government starts buying 200,000 bitcoins a year. Consider this – there will only ever be 21 million bitcoins in circulation. But 19.8 million of those bitcoins are already here.

That leaves 1.2 million bitcoins left to enter circulation through the mining process. However, Bitcoin's software code exponentially reduces the number of new bitcoins mined over time.

We can calculate with mathematical certainty that the last block of bitcoins won't be mined until the year 2140. That's 116 years from now.

This scarcity is why Bitcoin is so valuable as a financial asset.

The bullish case for gold in this scenario isn't quite as direct. On the surface, we would expect deflation to be bad for gold's price in dollar terms.

On the other hand, remonetizing gold would likely boost demand from central banks and institutional investors dramatically. Every institution that currently holds US Treasuries as a reserve asset would likely allocate a portion of their reserves to gold also.

At the same time, the US dollar would strengthen relative to foreign currencies. Especially the Euro.

I'm not a trader and I don't recommend it… but shorting the Euro right here looks like a great bet. Buying the ProShares UltraShort Euro (EUO) ETF is an easy way to do that.

I'm not interested in short-term bets though. I like to approach investing from a holistic perspective.

As investors, I think backstopping our own finances with gold and Bitcoin is the most important thing we can do. We should treat them both as true reserve assets – not as investment vehicles.

In other words, the point of buying gold and Bitcoin isn't to invest dollars today in hopes of getting more dollars out later. No – it's to trade our dollars for the world's two premier reserve assets. That way we always have a strong balance sheet with sound financial backing.

Doing this opens up a host of interesting strategies for us – especially in a world where we can collateralize these reserve assets to accelerate our investments.

One of the most intriguing strategies to me today involves mortgage notes…

Creating a Turn-Key Investment System

Most investors know that there's an active market for real estate in every major city in the US. People buy and sell real estate in this country every day. I'm an active real estate investor myself.

I don't think many investors realize that there's also an active market for mortgage notes in the US as well. We're talking about mortgages on single family homes and parcels of land throughout the country.

At any given time there are hundreds of these mortgages for sale. And they are available to retail investors at will – no accreditation needed.

I'm willing to bet that most of us have financed a home using a mortgage before.

Chances are most of us have also received a letter in the mail notifying us that our mortgage was sold. That letter included information on how we should make our mortgage payments going forward.

When this happens we tend to assume that the bank just flipped our mortgage to another bank. But that's not necessarily the case. It's possible that a retail investor purchased our note and contracted with a loan servicing company to manage it.

In that scenario, the principal & interest (P&I) portion of our mortgage payments go to some guy we've never met. Our mortgage payment becomes his cash flow – every single month.

That's what makes mortgage notes an intriguing investment opportunity. Buying mortgage notes is the other side of the coin to buying rental properties.

With notes, you don't own the home… just the debt. And that means you're not on the hook for cleaning carpets, painting walls, or fixing the leaky shower. There are no unexpected expenses that could eat into your monthly cash flow.

What's more, we can always find mortgages selling at affordable prices. I've seen notes selling for as little as several thousand dollars.

Of course, there are also mortgages selling for hundreds of thousands of dollars. But believe it or not, most mortgage notes available in the secondary market sell towards the lower end of the price range.

That's because banks, insurance companies, and hedge funds tend to sell their older notes whenever they buy a block of larger notes with longer durations. They constantly must maintain a "ladder" of durations throughout their portfolio.

Mortgage notes are a very attractive investment in a deflationary world – where we don't have to worry about the purchasing power of the dollar falling dramatically.

Plus, notes offer higher returns compared to rental real estate in the current climate given how much interest rates have risen. They are a great vehicle for creating passive monthly income today.

And we're just scratching the surface here…

What if we used mortgage notes to create consistent monthly cash flow… and then we used that monthly cash flow to fund other investments – including investments with contractually guaranteed rates of return?

What we're talking about here is creating our own magic money machine… which is exactly what the world's best business has been doing for centuries.

There are quite a few pieces to this puzzle. But once you understand them – and how they fit together – creating a turn-key investment system is fully within anyone's grasp.

The idea underlying a turn-key investment system is simple. First we backstop our finances with gold and Bitcoin. Then we create extra monthly cash flow through vehicles like mortgage notes – or real estate if we prefer. Or both.

From there we use that monthly cash flow to fund new investments – including investments that further increase our cash flow. If we do this, we can create a "snowball" effect that dramatically increases our assets and our income over time.

The key here is that this strategy works best in a climate where the dollar's purchasing power remains relatively stable. That's why the America First agenda could be a major boon for strategic investors going forward.

I'm going to put together some additional material around creating a turn-key investment system like this for our core content.

Our core investment approach already creates such a system – if implemented as we advocate. But I think we can be even more mindful about it in the years ahead.

Here's to financial independence!

Joe Withrow
Founder and Chief Analyst